

**RESOLUTION 23-03**

**A RESOLUTION OF THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF WHITE HOUSE,  
TENNESSEE, APPROVING CERTAIN AMENDMENTS AND REVISIONS TO THE INTERNAL  
CONTROL MANUAL.**

**WHEREAS**, in 2015 and effective June 30, 2016 the Tennessee General Assembly enacted Chapter No. 112 (HB0187/SB0413) which amends *T.C.A. 9-18-102* and required local governments to establish internal controls; and

**WHEREAS**, the Board of Mayor and Aldermen wishes to provide reasonable assurance that assets are safeguarded against misappropriation and unauthorized use, and that obligations are met timely and all transactions are properly recorded and accounted for, and that accurate and reliable financial reports are prepared; and

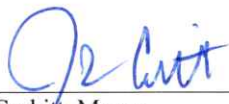
**WHEREAS**, the Board of Mayor and Aldermen passed Resolution 16-07 establishing the Internal Control Manual; and

**WHEREAS**, the Board of Mayor and Aldermen wish to amend the current Internal Control Manual; and

**NOW, THEREFORE**, the Board of Mayor and Aldermen of the City of White House do hereby resolve that the Internal Controls Manual is hereby amended by changing and updating the City of White House Internal Controls Manual.

This resolution shall be effective upon passage.

Adopted this 18<sup>th</sup> day of May 2023.

  
\_\_\_\_\_  
John Corbitt, Mayor

ATTEST:

  
\_\_\_\_\_  
Derek Watson, City Recorder

# City of White House



## Internal Control Manual

Manual Revised ~~June 18, 2021~~ May 19, 2023

RESOLUTION 16-07

A RESOLUTION OF THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF WHITE HOUSE,  
TENNESSEE, ADOPTING THE INTERNAL CONTROL MANUAL.

WHEREAS, in 2015 and effective June 30, 2016 the Tennessee General Assembly enacted Chapter No. 112 (HB0187/SB0413) which amends *T.C.A. 9-18-102* and requires local governments to establish internal controls; and

WHEREAS, the Board of Mayor and Aldermen wishes to provide reasonable assurance that assets are safeguarded against misappropriation and unauthorized use, and that obligations are met timely and all transactions are properly recorded and accounted for, and that accurate and reliable financial reports are prepared; and

WHEREAS, the Board of Mayor and Aldermen has determined that it is in the best interest of the City of White House to adopt the revised State of Tennessee Office of the Comptroller December 2015 Internal Control and Compliance Manual; and has established its own internal control manual reference below;

NOW, THEREFORE, the Board of Mayor and Aldermen of the City of White House do hereby resolve the following:

Section 1. The City of White House adopts the revised Internal Control manual as well as its own internal control manual {attached to this resolution} dated June 30, 2016.

Section 2. The revised Internal Control policy dated June 30, 2016 repeals and replaces any and all previously adopted Internal Control policies.

Section 3. This Resolution takes effect on June 30, 2016, the public welfare requiring it.

Adopted this 16<sup>th</sup> day of June 2016.

  
\_\_\_\_\_  
Michael Arnold, Mayor

ATTEST:

  
\_\_\_\_\_  
Kerry Harville, City Recorder

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## I.) INTRODUCTION

The City of White House has the responsibility to its taxpayers, ratepayers and constituents to be good stewards of public monies and property. In our efforts to serve the public as city officials or employees, the City established this Internal Control Manual using widely recognized best practices and state and federal directives.

State of Tennessee statutes require the Comptroller's Office, Department of Audit to prescribe uniform accounting systems for entities that handle public funds. Those statutes require public officials to adopt and use the system designated by the Comptroller's Office. The Tennessee Legislature amended TCA Section 9-2-102 in 2015 to require local governments to establish and maintain internal controls in accordance with guidance issued by the U.S. Government Accountability Office (GAO). The guidance is titled Standards for Internal Control in the Federal Government (Green Book). The Green Book follows the format developed by the Committee of Sponsoring Organizations (COSO) which has been the gold standard of internal control for all entities except the federal government for several years.

The internal control system consists of three objectives and 5 main components. Within the 5 components there are 17 principles that apply to certain components. The state considers the 5 elements mandatory and the 17 principles are optional. The City of White House has chosen to only address the minimum requirements of the state in this manual however the 17 principles from the Green Book are presented below for informational purposes and to help explain the 5 components.

### **THREE (3) OBJECTIVES OF INTERNAL CONTROLS:**

1. Reporting – reliability
2. Operations – effective and efficient
3. Compliance – compliant with applicable laws, regulations, contracts and grant agreements

### **FIVE (5) MAIN COMPONENTS OF INTERNAL CONTROLS THAT ARE REQUIRED TO BE ADDRESSED:**

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring

The purpose of this manual is to ensure that the objectives of reporting and compliance are established. (The operational objective will be addressed at a later time.) The policies to achieve the objectives are derived from various financial best practices, state and federal laws, and regulations and policies may be developed to suit specific needs of city functions and resources. Detailed procedures are then developed and documented as a means for cities to comply with its established policies.

OV2.09 THE GREEN BOOK

*Figure 3: The Five Components and 17 Principles of Internal Control:*

**CONTROL ENVIRONMENT:**

1. The oversight body and management should demonstrate a commitment to integrity and ethical values.
2. The oversight body should oversee the entity's internal control system.
3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.
4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.

**RISK ASSESSMENT:**

6. Management should define objectives clearly to enable the identification of risks and define risk tolerances.
7. Management should identify, analyze, and respond to risks related to achieving the defined objectives.
8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.
9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.

**CONTROL ACTIVITIES:**

10. Management should design control activities to achieve objectives and respond to risks.
11. Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
12. Management should implement control activities through policies.

**INFORMATION AND COMMUNICATION:**

13. Management should use quality information to achieve the entity's objectives.
14. Management should internally communicate the necessary quality information to achieve the entity's objectives.
15. Management should externally communicate the necessary quality information to achieve the entity's objectives.

**MONITORING:**

16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
17. Management should remediate identified internal control deficiencies on a timely basis.

Source: GAO. GAO-14-704G

## II.) CONSIDERATIONS IN DEVELOPMENT OF INTERNAL CONTROLS

Internal control is defined as a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance the city's objectives will be achieved. Before developing its Internal Control System (ICS), the city as a whole and each department should determine its mission, strategic goals and objectives, and then formulate a plan to achieve those objectives. The internal controls are policies and procedures put in place to help achieve those goals and objectives. By describing how a city/department expects to meet its various goals and objectives by using compensating controls to minimize risk, the entire city becomes more aware of expectations. Each department's internal control plan will be unique; however it must be based on polices included in this guide which incorporates or references to other comprehensive state, federal or standard setting agency polices that have been adopted. (Exhibits of excerpts from the Comptroller's Audit Manual listing TCA codes and Attorney General Opinions related to local governments are at the end of this manual).

Consistent monitoring of all components will ensure that the ICS (which must be reviewed and updated at least annually) is updated whenever changing conditions justify.

Since a city's/department's policies and procedures are the control activities for its internal control plans, it is important that they be reviewed in conjunction with the plans and referenced where appropriate. Everyone in the city has a responsibility to ensure that internal controls operate effectively.

As directed by T.C.A. 9-18-102 (a) and in accordance with the guidance issued by Tennessee Comptroller's Office, the city has adopted this internal control manual. It is critical to note that the development and operation of the internal control system involves everyone in the organization. As such, management must ensure that the manual is shared with all of its employees. The manual is a work in process and will be assessed periodically.

The following sections document the 5 components of internal control and significant financial and compliance areas that are deemed high risk.

### **THE GREEN BOOK STATES DOCUMENTATION IS MANAGEMENT'S RESPONSIBILITY:**

**3.09** Management develops and maintains documentation of its internal control system.

**3.10** Effective documentation assists in management's design of internal control by establishing and communicating the who, what, when, where, and why of internal control execution to personnel. Documentation also provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel, as well as a means to communicate that knowledge as needed to external parties, such as external auditors.

### III.) FIVE COMPONENTS OF INTERNAL CONTROL

#### Control Environment

##### Overview

The control environment is the foundation for all other components of internal control, providing discipline and structure. Moreover, management establishes the tone at the top regarding the importance of internal control and expected standards of conduct, and reinforces expectations at various levels. Control environment factors include the integrity, ethical values and competence of the city's personnel; the way management assigns authority and responsibility, and organizes and develops its personnel; and the attention and direction provided by the governing body.

##### Objectives

- a) The governing body and management should conduct business with integrity and ethical behavior.
- b) Provide direction and oversight for city's internal control system.
- c) Hire qualified and competent management.
- d) Establish structure, authority and responsibility and hold individuals accountable for internal control responsibilities

##### Policies

1. A conflict of interest form is completed annually by all members of the Board of Mayor and Aldermen, City Administrator, City Recorder, Purchasing Coordinator/Risk Management Specialist, and all department heads.
2. A professional code of conduct has been adopted by the governing board and management and is reviewed annually with all employees.
3. The governing body through management has adopted a personnel manual.
4. Management has developed job descriptions with minimum job requirements.
5. The governing body also uses the budget process as a means of oversight with department heads.
6. Organizational charts are reviewed for needed changes in regards to authority and responsibility.

##### Procedures

- The Finance Director is responsible for preparing the annual conflict of interest forms for distribution.
- The forms are distributed the first working day of March and must be returned before the first working day in April.
- The Finance Director/CMFO reviews the forms when they are returned.
- If there are any conflicts documented or any conflicts suspected but not documented the cases should be discussed with the City Administrator.
- The City Administrator will schedule a meeting with the individual in question to discuss the conflict and a resolution will be made.
- The City Administrator will question the individual to determine if a suspected conflict exists that the employee was not aware was a problem and a resolution will be made.
- The Finance Director/CMFO & City Administrator review the annual audit for internal controls findings. A corrective action plan is to be developed and submitted
- The city holds annual required training where human resource topics are covered. The code of conduct and the personnel manual are always part of the training.
- Training records are reviewed to ensure all employees have successfully completed training.



- Detailed job descriptions with minimum job requirements are on file in the Human Resources Department. The minimum job requirements are based on like positions in similar governments and will meet state or federal requirements if applicable.
- Hiring procedures are detailed in the manual and prohibit hiring anyone who does not meet the minimum job requirements.
- The first budget retreat is at the end of January or beginning of February. All department heads plus the City Recorder and City Administrator are present to discuss the current year's goals and objectives, next year's capital projects and employee position request, as well as prioritize and score next year's capital projects collectively as a group.
- In February, 6-year capital improvement program (CIP) schedules are submitted to the City Recorder and the Finance Director distributes budget worksheets to all department heads and the City Administrator. The projected expenditures for the current year are due back to the Finance Director in March. After the current year projections are submitted, the Finance Director reviews the budget for potential over budget lines that might occur before the end of the fiscal year and advises the department head for that specific line item.
- At the end of February and beginning of March, the City Administrator meets individually with department heads to discuss nonstandard operating requests that do not qualify as a capital project.
- The second budget retreat is two days in March. The first day of this retreat includes everyone from the last retreat plus the Board of Mayor and Aldermen (BMA). During the first day, the results and topics of the first retreat are reviewed and presented to the BMA with more specific details. The second day of this retreat only requires the BMA, City Recorder, City Administrator, & Finance Director. During the second day, the BMA reviews the capital project presentations and prioritizes projects.
- At the end of March the Finance Director redistributes the budget worksheets to all department heads and the City Administrator's office. The proposed expenditures for the next year are due back to the Finance Director in April. At this time the Human Resources Director is also responsible for preparing all departments' personnel proposed expenditures.
- The Finance Director estimates revenues using past years' collection history and current growth indicators along with any current information relevant to the revenue streams. The Finance Director will also estimate all the appropriations not otherwise assigned to a department head.
- The BMA study session is at the beginning of May. The budget will be finalized at this meeting and the capital plan will be included in it. The Finance Director will prepare the budget ordinance for its first reading at the May board meeting and the second reading to be heard at the June meeting.
- The required public notice will be placed in the local newspaper no less than 10 days prior to second (final) reading.
- City organizational charts were developed based on the city structure required in the city charter.
- The charts are reviewed periodically as positions are added or changed to determine if the reporting structure, authority, and responsibility documented in the chart is still accurate.
- All positions have detailed job descriptions which identifies the immediate supervisor and explains the responsibilities of the position as required by the personnel manual.

**Organizational Chart**

Refer to organizational chart as defined in Personnel Manual

## **Risk Assessment**

### Overview

City officials and management assess risk of operations continually. The city has chosen to transfer the most common types of risk through the purchase of the following types of insurance:

- Property and Casualty
- Liability
- Errors and Omissions
- Worker Compensation

There are risks we cannot anticipate or know about and as it relates to financial and compliance issues we have assessed the following areas and identified certain risks that we feel need to be addressed by the development of internal control policies and procedures. Internal controls will not eliminate all risk but will help reduce risk to gain reasonable assurance that reporting and compliance objectives are being met.

### Objectives

- a) Collections are complete, timely, and accurate.
- b) Disbursements are for a valid city purpose and properly recorded.
- c) Assets are properly safeguarded.
- d) City is in compliance with contractual, local, state and federal laws and regulations.

### Risk

#### Objective "a"

1. Collections could be lost or misappropriated.
2. Collections could be recorded improperly.
3. Collections may not be deposited in the bank and recorded timely.

#### Objective "b"

4. Disbursements could be unauthorized.
5. Disbursements could be for personal items.
6. Disbursements could be made for items never received.

#### Objective "c"

7. Bank balances may be inaccurate due to failure to reconcile bank accounts.
8. Capital assets or inventory items could be missing.
9. Inventory is not available when needed.

#### Objective "d"

10. Grant funds could be spent for unallowable items.
11. Grant rules may not be followed which could result in having to return federal funds.
12. Federal reporting requirements were not met.

The significant areas of risk are identified above and policies and procedures will be documented in the next section to explain how the city plans to put internal controls in place to help reduce some of the risks associated with these area of operations.

## Control Activities

### Overview

This section is where the detailed procedures will be documented. The objectives, policies and implemented procedures will be described for each of the significant areas identified in the Risk Assessment section.

### General Collections/ACHs

#### Objectives

- a) Collections are complete, timely, and accurate.
- b) Collections are safeguarded.
- c) Collections should be recorded accurately and timely in the accounting system.

#### Policies

1. A receipt will be issued for each collection made.
2. Each cashier will have their own assigned cash drawer.
3. The cashier signs the cash report at the end of the day and the Accounting Specialist or Assistant Finance Director verifies the cash report and signs before preparing the daily deposit.
4. No checks will be cashed from the cash drawers.
5. All Finance Office cash drawers will be closed out and counted daily.
6. All funds will be deposited daily.
7. Any monies collected outside the Finance Office must be received before 8:00 am the following business day.
8. There will be no checks or cash left out of a deposit. If there is a question as to how it should be processed, it will be deposited as miscellaneous revenue in the General Fund to be resolved later.
9. All cash drawers are locked when unattended.
10. All Finance Office cash drawers are locked in the vault while offices are closed.
11. Access to the vault is always restricted.
12. Deposit bag is secured until the armed courier service arrives to pick up the deposit and deliver to the bank.
13. Cash and checks should never be left unattended in the open.
14. Employees are prohibited from commingling city assets with personal assets.
15. ~~Clerks-Cashiers~~ will use the chart of accounts when receipting and the chart of accounts codes will be reviewed with cashiers on a regular basis.
16. Finance Office daily collection reports are included with the deposit and stored in the vault at the end of each business day.
17. At the beginning of each day the Accounting Specialist or Assistant Finance Director retrieves all of the previous business day's Finance Office daily collection reports and deposits from the vault and completes the deposit process and posts to the general ledger.
18. All accounting system updates and changes are discussed with office staff and appropriate changes made if necessary.
19. Reconciliations are performed weekly by the Assistant Finance Director.
20. ~~Clerks-Cashiers~~ will compare the amount due and verify the correct amount of a payment is applied to the correct customer
21. ~~Clerks-Cashiers~~ should receipt payments (either by paper or electronically) as soon as the payment is received.
22. All funds must be deposited at the bank within three business days

23. Credit/Debit cards shall be accepted as payments with certain stipulations.

#### Procedures

- The City Finance Office has 3 primary clerks-cashiers (AP/1 Court Clerk, Accounting Clerk/and 2 Customer Service Representatives, & Tax Clerk). The AP/Court Clerk collects court payments. The Accounting Clerk/Customer Service Representatives collects utility payments. ~~The Tax Clerk collects,~~ property tax payments, as well as other miscellaneous payments to the city. Each of these clerks primary cashiers or ~~another member of the Finance Office~~ the Utility Billing Specialist or Accounting Specialist can receipt payments for ~~the each~~ other on a temporary “as-needed” basis determined by workload demand as long as the person helping the clerk-primary cashier is using their own cash drawer.
- Cash drawers are assigned to each clerk-primary cashier as well as the Utility Billing Specialist and ~~Assistant Finance Director~~ Accounting Specialist.
- Clerks-Cashiers immediately stamp all checks “For Deposit Only” and issue pre-numbered system-numbered receipts for all collections. The receipt will contain the following: date, amount of payment, payer’s name, receipt purpose, payment method and cashier identifier. A copy of the receipt is offered to every in-person customer, and retained in the software system. If requested, receipts will be provided for mailed payments.
- Cash is not to be left unattended at any point.
- The cashiering software keeps receipts and related software generated reports daily for all Finance Office collections.
- The Clerks-cashiers have revenue codes for collections and enters those codes in the accounting software; if there are changes to those codes the Accounting Specialist, Assistant Finance Director, or Finance Director will notify the Clerks-cashiers.
- Each clerk-cashier will count down their cash drawer at the beginning of the day, before ~~opening their window~~ receiving any payments.
- The Utility Billing Specialist, Accounting Specialist, Assistant Finance Director, or Finance Director will count down all Finance Office cash drawers used that day at the end of the business day.
- In the event a cash drawer is out of balance, the daily deposit will be made accurately and the cash drawer will remain out of balance for 1 business day in an attempt to find a resolution for the discrepancy. If the discrepancy still exists after this time, the Assistant Finance Director or Finance Director will request any overages to be deposited to the “Other Revenues” account or any shortages \$50 or less to be reimbursed to the drawer from petty cash (if short more than \$50 a check request must be completed and Accounts Payable will issue a check during the next weekly check run and the check will be cashed during the next bank deposit trip and the cash returned to the short cash drawer.
- If a cash drawer remains out of balance by more than \$10 for 1 business day after the drawer was initially discovered to be out of balance, the employee who is assigned the cash drawer will be subject to disciplinary procedures as described in the personnel manual.
- Daily cash reports and bank deposit records are given to the Utility Billing Specialist, Accounting Specialist, or Assistant Finance Director.
- ~~A police officer is notified and escorts the Tax Clerk to the bank to make the deposit.~~
- A contracted armored courier service delivers the daily deposit to the bank.

- The Assistant Finance Director or Accounting Specialist will reconcile the daily cash reports ~~and~~, deposit slips, and online banking transaction details on a weekly basis, ~~and reconcile deposits slips and bank statements on a monthly basis~~. Dates will be compared to deposit records for timeliness. Miscellaneous receipts will be reviewed for accurate amounts, coding, and other required information.
- The Finance Director will periodically perform surprise cash counts to ensure there are no personal checks being held in the cash drawers and to ensure the drawers are in balance.
- The ~~Clerks-cashiers~~ will count the drawers and prepare the daily cash reports every day there is a collection. The cash reports and collections will be given to the Utility Billing Specialist, Accounting Specialist, or Assistant Finance Director to ensure timely deposits.
- The Utility Billing Specialist, Accounting Specialist, or Assistant Finance Director will make deposit slips daily to ensure timely deposits of collections.
- ~~Clerks-Cashiers~~ shall submit daily collections intact.
- ~~Clerks-Cashiers~~ will keep all collections secured in the cash drawer or vault until the drawer is closed for the day.
- When receipting, all transactions should be completed as soon as it can be entered into system.
- To determine if receipts are being turned in daily and intact, the Utility Billing Specialist, Accounting Specialist, or Assistant Finance Director will reconcile copied pages of all non-electronic receipt books to the daily deposits.
- Each ~~clerk-cashier~~ is issued a separate cash drawer to which they have the key. The drawers are to be secured when unattended.
- The vault should be unlocked each morning, it may be left unlocked but should remain closed during the day. Once all cash drawers are counted ~~down~~ they should be placed in the vault and locked for the night and the weekend. Only the Finance Director, Assistant Finance Director, ~~Tax-Clerk~~Utility Billing Specialist, and Accounting Specialist should have access to the vault combination, which should be changed as there are changes in these four positions.
- Cash drawers are retrieved from the vault every morning and given to the ~~Clerks-cashiers~~ to be used for the day from secure desk locations.
- The vault should not be unlocked while only 1 Finance Office employee is in the office.
- ~~No cash drawer counts shall be open to public view.~~
- All computer passwords will be changed periodically and access to collection, adjustment, voiding and other administrative functions will be restricted and checked regularly.
- ~~The HR Director, Assistant Finance Director, and Finance Director are the only employees authorized to make computer software access control changes.~~
- ~~All revenue codes used by the city are kept with each cashier. The Assistant Finance Director or Finance Director will notify the cashiers if an account code is changed or added.~~
- When preparing the bank deposit, the Utility Billing Specialist or Accounting Specialist posts the deposits to the general ledger and gives the daily cash collection reports and miscellaneous receipts to the Assistant Finance Director.
- The Finance Director will notify the office staff when computer updates are scheduled. Staff is to report any problems to the Finance Director immediately.
- All customer payments that are returned or disputed are subject to a returned payment fee as described in the municipal code.

- Returned or disputed payments and the related returned payment fee must be paid in cash, ~~card,~~ or money order.
- Customers who have 2 returned payments in a 60-day period (or 3 returned payments in a 12-month period) will be required to make payments via cash, card, or money order only for the next 24 months (starting with the most recent returned payment) and will remain restricted to cash, card, or money order only payments until the customer submits a written request to be allowed to make other non-cash forms of payment and is approved by the Assistant Finance Director or Finance Director.
- Automatic monthly utility ACH debit payment customers who have 2 returned ACH payments in a 60-day period (or 3 returned ACH payments in a 12-month period or 1 returned ACH payment for a closed account) will be removed from the automatic monthly utility ACH debit payment program.
- Automatic monthly utility ACH debit payment customers who are removed from the program for insufficient funds returned payments will be required to make other forms payment for the next 24 months (starting with the most recent returned payment). After the 24-month period the customer may reapply for the automatic monthly utility ACH debit payment program.
- Automatic monthly utility ACH debit payment customers who are removed from the program for closed account returned payments may reapply for the automatic monthly utility ACH debit payment program with a different bank account.
- The ~~Assistant Finance Director~~ Utility Billing Specialist or Accounting Specialist can substitute for any Finance Office ~~clerk-cashier~~ and can perform the deposit process ~~in place of the Accounting Specialist.~~ ~~However~~ ~~However~~, nobody is permitted to perform the deposit process for any batches that they also receipted as the ~~clerk~~ cashier.
- The Assistant Finance Director or Finance Director can also perform the deposit process in situations where the Accounting Specialist and ~~Assistant Finance Director~~ Utility Billing Specialist are not available or not permitted to perform the deposit process.
- Credit/Debit cards shall be accepted for any payment to the City whereas the total billed charges/fees/levies do not exceed \$999.99
- All merchant credit/debit card transaction fees and city-managed online transaction fees (for acceptable card transactions as previously indicated) shall be absorbed by the City as operating costs and not directly charged to the payor

## City Court

### Objectives

- a) Electronic Citations will be entered-imported timely and correctly into the court system.

### Policies

1. The Court Clerk will accurately enter-import and verify court date for all electronic citations into system prior to scheduled court date.
2. Police administration keeps all voided citations. See police administration policies for further information.
3. The Court Clerk will scan and file all citations in order by number in an easily accessible location.

### Procedures

- ~~The Clerks can allow up to 30 days continuation to defendants after the defendant's case has been adjudicated~~ After a defendant's case has been adjudicated, the defendant may complete a payment plan worksheet for court costs and fines.
- After the worksheet is complete, the cashier will ask the defendant to return to the courtroom on the same day as the original court docket for a payment plan hearing before the judge. During this hearing the Judge will review and decide to accept/revise/reject the defendant's proposed payment plan.
- The Court Clerk ~~or Accounting Clerk/Customer Service Representative~~ will enter-import electronic citations when received from police department police administration electronic citation system
- The Court Clerk ~~or Accounting Clerk/Customer Service Representative~~ will make sure all electronic citations are entered-imported into system and sorted by court time prior to the beginning of the first session on the court date
- The Court Clerk ~~or Accounting Clerk/Customer Service Representative~~ will call the police administration office to confirm electronic citation information if there is a misunderstanding when entering-importing an electronic citation into the system
- The Court Clerk will scan and file citations by number once they are disposed in a place where they can be easily retrieved

## *Property Tax Collections*

### Objectives

- a) Billing data and adjustments are complete, timely, and accurate.

### Policies

1. All property tax bills will be generated simultaneously as soon as tax information is available.

### Procedures

- The ~~Tax Clerk~~ ~~or Finance Director~~ or Assistant Finance Director will upload tax bill data as soon as both Sumner and Robertson Counties make the tax data available and formatted correctly.
- The ~~Tax Clerk~~ ~~Finance Director~~ or Assistant Finance Director will send tax data to the third party bill printer once the tax information is available.
- The third party bill printer will send out bills as soon as they are generated and ready.
- The third party bill printer will mail out bills in a single or multiple batches.



## Utility Billings and Collections

### Objectives

- a) Billing transactions and adjustments are complete and accurate.
- b) Billing transactions, account opening and closings, adjustments, and account correspondence will be conducted in a timely manner.

### Policies

1. Billing will be reconciled against reports each month.
2. Billing will be completed before the 5<sup>th</sup> of each month.
3. Service orders will be completed.

### Procedures

- The ~~Accounting Clerk~~/Customer Service Representatives, ~~Accounting Specialist~~, and Utility Billing Specialist will collect daily utility payments ~~on a daily basis~~ and on high-high-volume days may be assisted by other Finance Office ~~staff~~cashiers.
- Receipts and related software generated reports will be kept from all transactions, either electronic or paper format.
- Billing will be completed and file sent to bill printer before the 5<sup>th</sup> of each month.
- Adjustments will be made on a minimum monthly basis or more as needed.
- Adjusted back bill charges may be split into 12 even amounts and each amount will be due no later than the due date for each bill over the course of the subsequent 12 months
- When necessary, correspondence will be mailed out about account transactions.
- The due date for bills each month will be at least 14 days from the billing date.
- Customer accounts with a past due balance and no payment activity for 90 days or a past due balance exceeding \$500 ~~for 30 days~~ will be eligible for services to be disconnected and eligible to be turned over to collections.
- If a delinquent account remains eligible at the beginning of the day (e.g. 7:15am) the following business day AFTER the disconnect date, the Utility Billing Specialist, Assistant Finance Director, or Finance Director will prepare a list of eligible accounts to be disconnected and send to the Wastewater Department to perform disconnections. All accounts remaining eligible at the beginning of this day will be responsible for paying all charges/deposits related the delinquent even if the delinquent customer's service is not physically disconnected.
- Once a delinquent customer's services have been disconnected, the only way to re-establish service is through the utility application process (as described in this manual) at which point the required minimum payment consists of the following: an amount that reduces the past due account **balance below \$500**, plus the existing user **application fee**, and an **additional** moderate risk customer deposit as defined in municipal code 18-302. If an account remains in disconnect status after future due dates, those amounts will be added to the past due balance and are subject to \$500 threshold for the current disconnection.
- Delinquent customers who are disconnected will be turned over to collections when their final bill becomes past due.
- On a monthly basis, at least 10 calendar days before the potential disconnect date letters will be mailed to customers whose accounts will be eligible for the delinquent disconnection process.

- If delinquent accounts remain eligible for the disconnection process 5 calendar days before the disconnection date, the software system will attempt to call the phone number(s) on file for the account to notify the customer of the potential disconnection. If the phone call attempt is unsuccessful, the disconnection process will still continue as scheduled.
- During the correspondence for the disconnection process (and utility application process), the corresponding Finance Office associate will make every attempt to ensure all customer contact information is correct including mailing address and phone number(s).
- Personal checks will not be accepted as payment for any customer who is disconnected for delinquency and paying the charges/deposit associated with reestablishing service. However ~~However~~, the City will accept cash, card, or money order.
- Under extraordinary circumstances the Assistant Finance Director, Finance Director, or City Administrator can postpone disconnections.
- If a disconnection has occurred as a result of an administrative error the following people are authorized to request the reconnection: ANY Utility Billing Staff, the Public Services Director, the Finance Director or Assistant, City Administrator, Wastewater Superintendent, or Collections Supervisor.
- All service orders will be completed by either Finance or Public Services department staff and entered in the system.
- Utility applications will be entered into the system and receipted within one business day of receiving payment and all related documentation.
- When submitting a utility application, customers will be required to submit proof of occupancy that the customer will soon be (if not already) the legal occupant of the property. Acceptable proof of occupancy for a renter is a rental/lease agreement. If there is no rental/lease agreement, the customer can complete a "Proof of Occupancy" form that must list the property owner information as well as responsible occupant information and must be signed by the property owner(s) responsible occupant(s) and notarized. Acceptable proof of occupancy for a property owner is current property tax record, deed, or the closing disclosure to purchase the property.
- New applicants (including prior & existing users at different locations) may be billed for all application fees and deposits (if applicable) on the initial monthly bill prior to their first bill that includes base rates and consumption charges.
- Failure to apply for service or pay the initial application fee & deposit will result in the service address being included during the delinquent disconnection process
- New accounts where the customer is not the property owner must have a landlord account associated with the account. If the property owner has not yet completed the landlord utility application, it must be submitted prior to establishing new service.
- In situations where an active utility account is in the name of a recently deceased person(s) and no other living persons' names are listed as responsible for the account, the City will waive all application fees and deposits for the application process and transfer the existing balance to the new responsible party after the new party completes a utility application and submits proof of occupancy in accordance with that procedure.
- Landlord accounts serve as the primary responsible billed party while the property is vacant (including between occupants.)

- Requested account closing will be entered and completed as requested.
- Account adjustments will be reviewed and made upon approval when requests are turned in by customer, or a billing error has occurred.
- Pool fill adjustment requests must be submitted within 120 days of the pool fill and can only be submitted once per calendar year.
- To qualify for a water leak adjustment to a sewer bill, the leak must exceed the average usage (gallons of water) by 100% or greater. One leak adjustment is allowed per calendar year. A leak adjustment period cannot exceed 3 consecutive billing cycles (if the leak period does exceed the eligible leak adjustment period, only the highest 3 consecutive bill periods will be adjusted). Approved leak adjustments will adjust the eligible billing cycles to match the average of the most recent 12 billing cycles' usage (including the leak period). Any leak that is suspected to have entered the sewer system will not qualify for a leak adjustment. Documentation of the leak repair as well as a completed leak adjustment form must be submitted to determine if a leak qualifies for an adjustment. Documentation of the leak repair can be a receipt of the supplies purchased to perform the repair and/or a written statement/invoice describing the repair from the repairperson.
- Billing errors shall be corrected for no less than the actual period that the customer should have been responsible for the service, but not to exceed 12 billing cycles prior to the date the error is discovered.
- Balance transfers are different from billing errors and are not subject to the limitations of billing errors. Balance transfers will be made on customer accounts that are discovered to be at least one of the same responsible parties on an account from a previous account that does not have a \$0.00 ending balance.
- The Utility Billing Specialist reconciles the accounts receivable system totals as compared to the accounts receivable general ledger totals on a monthly basis.

## General Disbursements/Drafts

### Objectives

- a) Disbursements are for a valid city purpose and necessary.
- b) Disbursements are timely.
- c) Disbursements are accurately coded and recorded in the accounting system.
- d) Disbursements are legally appropriated.

### Policies

1. The city has adopted purchasing policies that comply with state law.
2. Various levels of authority have been assigned.
3. Purchase orders and packing slips/invoices are matched and sent to the ~~Accounts Payable (AP) Clerk~~ Accounting Specialist for payment as soon as possible.
4. Checks are processed and mailed once per week to ensure invoices are paid timely.
5. All checks require two signatures.
6. No check shall be printed without appropriate documentation.
7. The Finance Office uses a computerized accounts payable system.
8. All purchase orders are coded by purchaser and verified by Purchasing and the ~~AP clerk~~ Accounting Specialist.
9. Invoices are entered in the accounts payable system weekly.
10. Budget availability is verified by the software when processing accounts payable invoices.

### Procedures

- Reference the adopted City Purchasing Manual for procedures and other details related to purchasing
- The Finance Director or Assistant Finance Director approves the weekly check run before checks are printed.
- Typically checks are printed every Wednesday for all invoices that are approved before noon on Tuesday (the checks are printed with the appropriate authorized signatures on them.)
- Typically checks are mailed every Thursday.
- After checks are printed, the ~~AP Clerk~~ Accounting Specialist copies the checks and attaches the copies to the corresponding invoices, PO's, and any receiving documents submitted to the ~~AP Clerk~~ Accounting Specialist.
- After checks are printed, copied, and attached to supporting documentation, ~~the Accounting Clerk~~ Customer Service Representative verifies vendor name, check number, and amount of every check with the check register report and scans every document attached to each check copy.
- The city uses a computerized system for tracking purchase orders, encumbrances, and invoices.
- The purchaser receives the goods/services and approves the shipping documents or invoice to be paid.
- The ~~AP Clerk~~ Accounting Specialist processes invoices that have been approved in the system and the system liquidates that portion (or all) of the PO and the system changes the amount from an encumbrance to an expense/expenditure (or relinquishes the balance back to the available budget if liquidated.)
- The accounting software verifies budget availability via the purchasing function and invoice processing function.

## *Payroll Disbursements and Payroll Liabilities*

### Objectives

- a) New employee information is completely and accurately acquired
- b) Payroll is accurately processed in a timely manner
- c) Minimize the risks of payroll disbursements
- d) Provide accurate annual income tax information in a timely manner

### Policies

1. New employee documentation shall include Personnel Action Form, W-4, and I-9
2. Withhold all applicable statutory tax deductions, all voluntary deductions, and all garnishments.
3. Tyler Technologies Incode 10 and Employee Self Service (ESS) time entry and leave request data is used to process payroll
4. Employees' payroll is processed every two weeks
5. Elected officials' payroll is processed once per month.
6. Direct Deposit is required
7. All checks/stubs are available for employees and elected officials
8. Salary/wage advances are not permissible
9. Annual income tax information provided

### Procedures

- When a new employee is hired the Human Resources department shall complete a Personal Action Form and obtain a completed copy of the employee's W-4 and I-9
- The Human Resources department will enter the new employee's information into the HR/Payroll software system
- Payroll is processed every two weeks
- These weeks consist of 7-day periods starting on Sunday and ending on Saturday
- Elected officials are paid a fixed amount once per month.
- Employees must electronically submit their time worked and leave requests to their supervisor as soon as possible prior to or following the end of a bi-weekly pay period
- Department Heads (and Supervisors, where applicable) review and approve electronic timesheets and electronic leave requests and this data is retrieved electronically by the ~~Accounting-Benefits~~ Specialist while processing payroll
- ~~Accounting-Specialist~~ ~~Assistant Finance Director~~ prepares the payroll ACH transaction from details provided by HR and the Finance Director, ~~Assistant Finance Director~~ Accounting Specialist, or Utility Billing Specialist approves via the bank's online portal
- The bank calls the Accounting Specialist to verify the ACH transaction
- All employees and elected officials are required to receive direct deposit
- All printed checks/stubs are distributed by the Human Resources department
- Payroll history dating back to April 2018, including tax documents and check stubs are available for every current employee through the ESS portal (which is accessible from most internet browsers).
- Payroll history prior to April 2018 is available upon request within the retention policy period.
- Current pay data is available on the ESS portal once the payroll process is completed.
- No salary/wage advances will be allowed
- Annual income tax data is available on the ESS portal before February 1<sup>st</sup> every year.
- ~~Accounting-Benefits~~ Specialist electronically reports and remits the 941 federal taxes via EFTPS within 3 days of completion of each payroll.
- ~~Accounting-Benefits~~ Specialist files the Employer's Quarterly Federal Tax Return Form 941 report within 30 days of the completion of each quarter.

## Safeguarding Assets

### Objectives

- a) Ensure city assets are properly valued and protected.
- b) Ensure Cash, Accounts Receivable and other asset accounts are reconciled.
- c) Ensure investments are safe and in accordance with adopted investment policy.
- d) Ensure city assets are protected against loss, misappropriation or theft.
- e) Ensure inventory items are available when needed for use.

### Policies

1. All bank account statements (checking, savings, investments, etc.) are reconciled to the municipal general ledger accounts within 15 days of receipt of any statement.
2. Accounts receivable subsidiary ledgers are reconciled to original billings and amounts collected.
3. All bank accounts are appropriately collateralized.
4. Bank accounts are under the name "City of White House."
5. Disbursements to outside entities requires two signatures/electronic approvals.
6. Investments require two approvals.
7. Inventory records contain enough information to readily identify corresponding capital assets. Capital assets are tagged or otherwise identified during a physical inventory that is performed annually.
8. Proper safeguards are in place to prevent theft or loss of assets.

### Procedures

- Assistant Finance Director reconciles bank statements to general ledger accounts within 15 days of receipt of any statement
- On a monthly basis, accounts receivable subsidiary ledgers are reconciled to original billings and amounts collected.
- Any bank account balance that exceeds the FDIC coverage limit will be covered at 105% of the balance as per state statute. Any bank account balance maintained in a bank participating in the State Collateral Pool will be made to verify annually the accounts held are classified on the records of the bank as "Public."
- All bank accounts are held in financial institutions under the name "City of White House."
- All disbursements from any bank account to an outside entity requires two signatures/electronic approvals.
- All investments require two signatures.
- The Assistant Finance Director sends out a list of capital assets annually to each department to verify the accuracy of the list and make any necessary corrections.
- Capital asset records include: cost, vendor, date acquired, type of capital asset. Also includes model and serial/VIN number, when applicable.
- All inventory rooms have limited access

## **Compliance**

### **Objectives**

- a) Ensure that state law regarding the issuance of debt is followed.
- b) Ensure that state and federal grant regulations are understood and followed.

### **Policies**

1. The city had adopted a debt management policy in accordance with state requirements.
2. The Finance Director is well versed on the state requirements for issuing debt.
3. The Finance Director and City Administrator must review and approve all grants of which departments wish to participate.
4. Upon approval, the Finance Director must review the grant information.

### **Procedures**

- The city debt management policy must be followed to ensure that all debt is issued in accordance with all guidelines and laws
- The Finance Director is required to be a Certified Municipal Finance Officer (CMFO) and maintain this certification by following mandated requirements including continuing professional education training on an annual basis.
- The Finance Director will seek advice from an experienced financial advisor or consultant when issuing debt.
- All grants with matching requirements must be approved by the City Administrator and Finance Director prior to submission of application. Every department must notify the Finance Director & City Administrator when an application for grant funding is submitted.
- Once awarded, the Finance Director is to be notified of the project budget and detailed expenditure requirements of the grantor agency.
- The Finance Director must review the grant contact information, grant or contract numbers and whether the grant is state or federal funds.

## **Information and Communication**

### Overview

Management has the responsibility to adequately communicate and provide information to both internal and external parties. It is important that employees know the objectives, policies and procedures management has established and what the expectations are for internal controls. External stakeholders also seek information regarding objectives and reliable financial information.

### Objectives

- a) Necessary quality information for achieving the entity's objectives is available and used.
- b) Necessary quality information for achieving the entity's objectives is internally communicated by management.
- c) Necessary quality information for achieving the entity's objectives is externally communicated by management.

### Policies

1. Information maintained in a format should be communicated in that same format. For example, if the general ledger is maintained on computer, the monthly budget to actual reports should be provided through a computer generated report from that software package.
2. Reliable and accurate quality information from municipal internal sources must be communicated to the people who need it in a timely and useful format.
3. Because the credibility of the municipality, its governing body, and its public officials is at stake whenever information is released to outside parties, management should be confident the information being released is accurate and the release is in compliance with policies and procedures.

### Procedures

- Review and document the information requirements to achieve key objectives and address the risks of the government.
- Review and document changes that occur in the local government's objectives and the related changes in information requirements.
- Identify and evaluate the reliability and timeliness of relevant data from both internal and external sources.
- Review and evaluate whether data has been processed into quality information that allows management to make informed decisions and evaluate whether the local government is achieving its objectives
- Management clearly defines the lines of communication through policy manuals and organizational charts.
- Management has communicated the types of information required to achieve objectives and address risks.
- All internal control documents and related reports will be available to all staff in an appropriate method based on confidentiality and relevance to job responsibilities.
- The appropriate information delivery system has been determined (e.g. email, written memo, staff meetings, etc.) for changes and updates.
- Reports containing personally identifiable information or other protected or confidential information will be made available through communication methods that restrict internal and external access.
- Annual staff training meetings and new employee orientation, with relevant handouts and manuals, will be used to reinforce memo, email, intranet, and restricted communications.



- Management should develop policies and procedures for communicating with external parties.
- Management should develop policies and procedures for evaluating the reliability of information provided to and received from external parties.
- Management should develop policies and procedures for ensuring that only authorized individuals provide information to external parties.
- Management should develop policies and procedures for ensuring that restricted information is only provided to authorized external parties.
- Management should develop policies and procedures for the redacting of information when requested under the open records statutes.

## **Monitoring**

### Overview

The internal control system changes as technology, staff, objectives and policies change. Management is charged with continually monitoring the internal control system to determine if it is operating as it was designed to do and to insure the controls are being followed.

### Objectives

- a) To practice activities that monitor the internal control system and evaluate the results.
- b) To address deficiencies noted in the internal control system in a timely manner.

### Policies

1. To ensure that internal controls do not deteriorate and continue to work as designed over time, an annual risk assessment will be conducted by municipal management.
2. To establish more efficient and effective operations over time.
3. To ensure accurate and reliable financial information is used in decision-making.

### Procedures

- Evaluate and document the current state of the internal control system and document the differences between the criteria of the design and the current condition of internal control, for purposes of establishing a baseline.
- Determine whether to change the design of internal control or implement corrective actions to improve the operating effectiveness of internal control for differences that exist.
- Monitor internal control through built in monitoring activities and periodic separate evaluations and document the results.
- Evaluate differences to determine if 1) changes in internal control have occurred but have not been documented, 2) internal control has not been properly implemented, or 3) internal control design changes are needed.
- A member of management will review cash drawers and deposits randomly to ensure policies are being followed, such as no cashing of personal checks, no borrowing from cash drawer and the makeup of cash vs checks is being documented.
- All accounts with financial institutions (checking, savings, investment, etc.) will be reconciled to the general ledger within 15 days of receipt of any statement from the financial institution.
- The above reconciliation will include a listing of outstanding checks and will be reviewed by management.
- Reconciling items on the above reconciliation will not be carried for more than 60 days past the date of the initial reconciliation.
- Reports comparing actual to budget amounts for revenues and expenditures (expenses) will be generated monthly and reviewed by those in a position of authority over financial operations. Those in a position of authority include, but are not limited to, Department Heads, Accounting Specialist, Assistant Finance Director, Finance Director, & City Administrator.